

Message Text

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PAGE 01 TANANA 00102 181342Z
ACTION AF-08

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 MC-02 ACDA-07
OMB-01 PM-04 IGA-02 AID-05 CIAE-00 INR-07 NSAE-00 L-03
SS-15 SP-02 NSC-05 /069 W
-----181351Z 079293 /43
R 181252Z JAN 77
FM AMEMBASSY TANANARIVE
TO SECSTATE WASHDC 8779
INFO DIA WASHDC

C O N F I D E N T I A L TANANARIVE 0102

E.O. 11652:GDS
TAGS: EINV, MA, US
SUBJECT: PURCHASE OF HERCULES AIRCRAFT

1. DATT CALLED UPON DEFENSE MINISTRY SEC-GEN RASOLOMALALA JAN 17 IN EFFORT TO ARRANGE MEETING FOR LOCKHEED REP PUTNAM WHO HAS BEEN IN TANANARIVE SINCE JAN 8 AND HAS BEEN UNABLE TO MAKE CONTACT WITH ANY GDRM OFFICIALS. RASOLOMALALA APPEARED TO BE EMBARRASSED BY RED TAPE CONCERNING FINANCE ARRANGEMENTS FOR PURCHASE OF TWO HERCULES. HE IDENTIFIED FINANCE MINISTER AS STUMBLING BLOCK.

2. RASOLOMALALA SHOWED DATT COPY OF DEC 23 LETTER FROM THE PRESIDENCY TO THE THREE CONCERNED MINISTRIES (TRANSPORT, DEFENSE, AND FINANCE), URGING THEM TO TAKE ALL NECESSARY STEPS TO PERMIT SIGNING OF CONTRACT ASAP. HE ALSO SHOWED DATT LETTER DATED JAN 10 FROM PRIME MINISTER TO FINANCE MINISTER ASKING FOR STATUS REPORT WITHIN A WEEK. RASOLOMALALA IS AWARE THAT USG HAS PLACED SIXTY-DAY HOLD ON EXPORT LICENSE APPLICATION.

3. RASOLOMALALA CONFIRMED THAT THERE HAS BEEN NO CHANGE IN PRESIDENT RATSIRAKA'S INSTRUCTIONS TO PURCHASE TWO HERCULES. HE SAID THAT HE RECENTLY DISCUSSED WITH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TANANA 00102 181342Z

RATSIRAKA HOW WELL THE HERCULES COULD HAVE BEEN UTILIZED AT TIME OF MAJUNGA MASSACRE, BOTH FOR AIRLIFTING TROOPS AND FOR REPATRIATING COMORIANS.

4. COMMENT: WE BELIEVE THAT FINANCE MINISTER IS CONCERNED WITH NEARLY \$4 MILLION DRAW-DOWN OF MADAGASCAR'S CURRENTLY-WEAK FOREIGN EXCHANGE RESERVES IF HE APPROVES DOWN PAYMENT

FOR HERCULES. HE EXPRESSED HIS RESERVATIONS TO CHARGE ON NOV 10 WHEN HE FIRST BECAME INVOLVED, AND SINCE THEN WE HAVE BECOME MORE AWARE OF HOW WEAK MADAGASCAR'S RESERVES ARE. LAST REPORTED FIGURE, \$33 MILLION IN OCTOBER, WAS ABOUT ONE-HALF OF WHAT FIGURE HAD BEEN IN MAY. HOWEVER, MADAGASCAR'S RESERVES ARE TRADITIONALLY LOW AT THIS TIME OF YEAR BECAUSE PAYMENT FOR RICE IMPORTS ARE NORMALLY MADE IN THE FALL AND INCOME FROM COFFEE AND OTHER EXPORTS DOES NOT USUALLY ARRIVE UNTIL EARLY IN THE NEW YEAR.

5. IT IS CLEAR THAT RATSIRAKA INTENDS TO PURCHASE THESE AIRCRAFT, NOTWITHSTANDING FINANCE MINISTER'S JUDICIOUS VIEWS ON COUNTRY'S FINANCIAL SITUATION. WE ASSUME THAT, ON BASIS RASOLOMALALA'S STATEMENTS, GDRM EMBASSY/WASHINGTON HAS NOT YET BEEN INSTRUCTED TO MAKE EXIM BANK APPLICATION.SHEINBAUM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT PROCUREMENT, MILITARY AIRCRAFT, FOREIGN EXCHANGE HOLDINGS, CONTRACTS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TANANA00102
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770018-0576
Format: TEL
From: TANANARIVE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770139/aaaabimo.tel
Line Count: 78
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 72fda2d4-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3565069
Secure: OPEN
Status: NATIVE
Subject: PURCHASE OF HERCULES AIRCRAFT
TAGS: EINV, MA, US, LOCKHEED
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/72fda2d4-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009